7 pgs 12/3/95

Copy to
- J. Maguire
- J. Farmer + C. Pennell
- 4 AUPS

. As info - Flemings "internal" document announcing RJR's assumption of Rainbow.
. RJR field sales received a comprehensive RJR document containing all this information

Larry Schuiler

MEMO

November 27, 1995

To: Category Advisory Services Managers
Grocery Merchandising Managers
Merchandising Managers
Cigarette Merchandisers

From: Jay Breithaupt

Subject: *RAINBOW CIGARETTE VENDOR CHANGE*

Don RSM's Jim P. As Info Done

On January 1, 1996, a vendor change will be made on *Rainbow Cigarettes*. R.J. Reynolds will become the vendor.

Orders/Invoicing

Beginning with orders for shipment January 2, 1996, orders are to be placed with R.J. Reynolds.

Rainbow Cigarettes will be shipped with R.J. Reynolds and Forsyth brands.

Rainbow Cigarettes will be invoiced on a separate Forsyth invoice. Cash discount terms are R.J. Reynolds terms:

3.75% EFT Payment
3.25% Check Payment

Retail Sales Responsibility

The R.J. Reynolds sale force will assume the responsibility for working Rainbow at retail, and will work Rainbow as any other brand sold by R.J. Reynolds and Forsyth Tobacco.

Brand Styles/Package Design

The existing seven brand styles will be continued. Package design WILL NOT BE CHANGED. UPC code numbers WILL NOT BE CHANGED. The distribution clause will be changed:

To:	Forsyth Tobacco Winston-Salem, NC	From:	Liggett Group Inc. Durham, NC

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Source: https://www.industrydocuments.ucsf.edu/docs/tzby0000

Retail Display Program

This program will continue. A payment of $35.00 per month for maintaining a dedicated Rainbow merchandising center featuring "Rainbow" price sign.

Payment is quarterly by check. Check will be sent to the retailer from R.J. Reynolds. A detail of retail payments made will be sent to each Product Supply Center.

Merchandising centers will be furnished, at no cost, and ordered by R.J. Reynolds.

Point-of-Sale

R.J. Reynolds will provide Rainbow point-of-sale (see attached). The R.J. Reynolds representative will maintain and order point-of-sale.

Brand Strategy

We are not discontinuing the Value & Quality brand.

Where the sales of Value & Quality is significantly less than Rainbow, consideration should be given to discontinue Value & Quality. V & Q distribution should be maintained when key retailers prefer to stock the brand.

Review sales data with your R.J. Reynolds representative and make a joint decision.

Promotional Accrual Funds

Each Product Supply Center will have its own accrual fund to be managed and spent with coordinated planning with the R.J.R. Account Manager.

The fund will be generated by purchases at a per carton rate. Funds are to be spent to promote the Rainbow brand with:

Coupons
Retail Incentive Payments
Temporary Price Reductions
Show Allowances
Premiums
Etc.

Source: https://www.industrydocuments.ucsf.edu/docs/tzby0000

The fund can be taken negative but only minimal negative funding will be permitted for a limited time. Each month, Fleming Corporate will send Product Supply Centers an accounting of promotional funds.

Pricing/Accrual Funds/Service Income

ENCLOSED IS A BREAK-OUT FOR ALL PRODUCT SUPPLY CENTERS.

Please continue to make Rainbow your priority in the low-price brand category. R.J. Reynolds Sales Team will strengthen retail coverage. Take advantage of this new relationship with R.J. Reynolds Tobacco to grow Rainbow Cigarettes sales.

Contact me with any questions:

Jay Breithaupt
(405) 841-8376
(405) 841-8664 - fax

JB:lon

c: Pat Davis
Dick Keeney
Directors, Category Advisory Services
Paul Johnson
Jerry Lister
Gary Snyder
Melody Hart
Larry Schreiber - R.J. Reynolds
Jim Farmer - Forsyth Tobacco

attachment

Source: https://www.industrydocuments.ucsf.edu/docs/tzby0000

CONFIDENTIAL

PRICING INFORMATION
PROMOTIONAL ACCRUAL INFORMATION
SERVICE INCOME INFORMATION

"Rainbow" pricing will be as follows, with shipments of 1/2/96 from R.J. Reynolds:

Carton Pricing:	A	B	(Fair Trade States C	D
List Invoice	$8.79	$8.79	$6.62	$6.95
Off-Invoice	$1.84	$2.10	$.00	$.00
Net Invoice	$6.95	$6.69	$6.62	$6.95
Carton Promotional Accrual Amount	$.76	$.50	$.50	$.76
**Potential Carton Service Income	$.50	$.50	$.50	$.50
	El Paso, TX	Altoona, PA*	Hub City, WI*	Philadelphia, PA
	Fresno, CA	Buffalo, NY*	Johnson City, TN*	
	Geneva, AL	Garland, TX*	Knoxville, TN*	
	Houston, TX	Huntingdon, PA*	LaCrosse, WI*	
	Lafayette, LA	Kansas City, KS*	Milwaukee, WI*	
	Lubbock, TX	Laurens, IA*	Minneapolis, MN*	
	Massillon, OH	Lincoln, NE*	Nashville, TN*	
	Memphis, TN	OKC Memorial*	North Carolina*	
	Miami, FL	OKC (59th)*	Superior, WI*	
	Northern California*	Peoria, IL*		
	Salt Lake City, UT	Phoenix, AZ*		
	San Antonio, TX	Portland, OR*		
	Syracuse, NY	Sikeston, MO*		
		York, PA*		

*Change from current net invoice cost.

**Service Income - Quarterly payment of $.25 per carton on all cartons purchased. Additional semi-annual payment of up to $.25 per carton, based on each Product Supply Center's RJR share of category of discount brand sales. Rainbow and Value & Quality count toward RJR share.

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Source: https://www.industrydocuments.ucsf.edu/docs/tzby0000

RAINBOW CIGARETTES

These Product Supply Centers will have a net invoice increase effective with shipments of January 2, 1996.

For orders placed for shipment by January 31, 1996, R.J. Reynolds will rebate the carton difference between the current invoice net, and the invoice net effective January 2, 1996. R.J. Reynolds will pay the rebate by one check. Product Supply Centers can expect to receive the check 10-to-14 working days after January 30, 1996.

Per carton rebate:

Altoona, PA	$.98	Johnson City, TN	$.42
Buffalo, NY	$.74	Kansas City, KS	$.98
Garland, TX	$.49	Knoxville, TN	$.42
Hub City, WI	$.42	LaCrosse, WI	$.42
Huntingdon, PA	$.98	Laurens, IA	$.49
Lincoln, NE	$.98	OKC (Memorial)	$.98
Milwaukee, WI	$.42	OKC (59th)	$.98
Minneapolis, MN	$.42	Phoenix, AZ	$.49
Nashville, TN	$.42	Portland, OR	$.23
Warsaw, NC	$.42	Sikeston, MO	$.49
		Superior, WI	$.42
		York, PA	$.49

This rebate will delay the price increase and give you the opportunity to give the retailers more notice of the price change. Please pass the rebate on to retail during January.

The rebate per carton will be deducted from your Product Supply Center's accrual account.

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Source: https://www.industrydocuments.ucsf.edu/docs/tzby0000

Rainbow vs. Value and Quality

		Total Cartons Shipped		
Fleming Company Branch	Account Number	V & Q	Rainbow	
Kansas City, KS	198000	9,355	127,994	√
Memphis, TN	810400	45,455	122,302	
Massillon, OH	246025	8,386	83,558	√
Geneva, Alabama	198340	20,820	72,557	
Nashville, TN	786765	27,452	59,686	
Garland, TX	628586	1,105	59,254	√
Oklahoma City Memorial	198120	3,955	58,651	√
Altoona, PA	276331	343	57,140	√
Johnson City, TN	198370	1,450	47,568	√
San Antonio, TX	198310	39,973	36,458	
Salt Lake, UT	751300	26,162	35,663	
Portland, OR	751540	137	33,065	√
Hub City, WI	551634	60,366	30,211	
La Crosse, WI	273823	180,147	25,944	
Lafayette, LA	957691	0	25,876	
Buffalo, NY	452091	149	24,557	√
Oklahoma City 59th	576720	14,851	23,366	
Phoenix, AZ	529356	0	21,834	
Northern, CA	485411	2,502	21,125	√
Sikeston, MO	744755	1,725	18,301	√
Lubbock, TX	198020	25,800	15,354	
Lincoln, NE	197300	10,901	15,253	
Oaks, PA	198390	26	14,849	√
Fresno, CA	316510	0	14,359	
Milwaukee, WI	551633	1,236	12,195	√
York, PA	594480	0	10,277	
Houston, TX	198270	0	5,753	
Superior, WI	329445	13,329	4,929	
Peoria, IL	303440	825	3,682	√
Lenexa, KA	327003	14,064	2,872	
Knoxville, TN	490680	3,912	2,601	
Syracuse, NY	473498	419	1,760	√
Miami, FL	899317	1,473	984	
El Paso, TX	404625	11,295	850	
Warsaw, NC	458350	8,971	795	

RJR AIM Data January thru October as available

√Review sales data for consideration of discontinuing Value & Quality

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Source: https://www.industrydocuments.ucsf.edu/docs/tzby0000